

ENGROSSED HOUSE BILL No. 1155

DIGEST OF HB 1155 (Updated March 20, 2003 1:08 PM - DI 44)

Citations Affected: IC 6-3.5; noncode.

Synopsis: Jail construction funding. Allows a county that has imposed a county adjusted income tax (CAĞIT) and is subject to a federal court order issued before January 1, 2003 that covers the county jail to increase the county's CAGIT rate by 0.25% to fund construction and remodeling of county correctional facilities. Provides that the tax increase expires upon payment of the bonds.

Effective: Upon passage.

Grubb, Thomas, LaPlante, Kersey

(SENATE SPONSOR — BRAY)

January 7, 2003, read first time and referred to Committee on Ways and Means. February 19, 2003, amended, reported — Do Pass. February 26, 2003, read second time, ordered engrossed. Engrossed. February 27, 2003, read third time, passed. Yeas 92, nays 1.

SENATE ACTION
March 4, 2003, read first time and referred to Committee on Finance.
March 24, 2003, reported favorably — Do Pass.



First Regular Session 113th General Assembly (2003)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in this style type, and deletions will appear in this style type.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or *this style type* reconciles conflicts between statutes enacted by the 2002 Regular or Special Session of the General Assembly.

ENGROSSED HOUSE BILL No. 1155

A BILL FOR AN ACT to amend the Indiana Code concerning taxation.

Be it enacted by the General Assembly of the State of Indiana:

SECTION 1. IC 6-3.5-1.1-2, AS AMENDED BY P.L.178-2002, SECTION 52, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 2. (a) The county council of any county in which the county option income tax will not be in effect on July 1 of a year under an ordinance adopted during a previous calendar year may impose the county adjusted gross income tax on the adjusted gross income of county taxpayers of its county effective July 1 of that year.

(b) Except as provided in section 2.5, 2.7, 2.8, 2.9, **3.3**, 3.5, or 3.6 of this chapter, the county adjusted gross income tax may be imposed at a rate of one-half of one percent (0.5%), three-fourths of one percent (0.75%), or one percent (1%) on the adjusted gross income of resident county taxpayers of the county. Any county imposing the county adjusted gross income tax must impose the tax on the nonresident county taxpayers at a rate of one-fourth of one percent (0.25%) on their adjusted gross income. If the county council elects to decrease the county adjusted gross income tax, the county council may decrease the county adjusted gross income tax rate in increments of one-tenth of one

EH 1155—LS 6449/DI 103+



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1	percent (0.1%).
2	(c) To impose the county adjusted gross income tax, the county
3	council must, after January 1 but before April 1 of a year, adopt an
4	ordinance. The ordinance must substantially state the following:
5	"The County Council imposes the county adjusted
6	gross income tax on the county taxpayers of County.
7	The county adjusted gross income tax is imposed at a rate of
8	percent (%) on the resident county taxpayers of the
9	county and one-fourth of one percent (0.25%) on the nonresident
10	county taxpayers of the county. This tax takes effect July 1 of this
11	year.".
12	(d) Any ordinance adopted under this section takes effect July 1 of
13	the year the ordinance is adopted.
14	(e) The auditor of a county shall record all votes taken on
15	ordinances presented for a vote under the authority of this section and
16	immediately send a certified copy of the results to the department by
17	certified mail.
18	(f) If the county adjusted gross income tax had previously been
19	adopted by a county under IC 6-3.5-1 (before its repeal on March 15,
20	1983) and that tax was in effect at the time of the enactment of this
21	chapter, then the county adjusted gross income tax continues in that
22	county at the rates in effect at the time of enactment until the rates are
23	modified or the tax is rescinded in the manner prescribed by this
24	chapter. If a county's adjusted gross income tax is continued under this
25	subsection, then the tax shall be treated as if it had been imposed under
26	this chapter and is subject to rescission or reduction as authorized in
27	this chapter.
28	SECTION 2. IC 6-3.5-1.1-3.3 IS ADDED TO THE INDIANA
29	CODE AS A NEW SECTION TO READ AS FOLLOWS
30	[EFFECTIVE UPON PASSAGE]: Sec. 3.3. This section applies only
31	to a county that:
32	(1) operates a county jail that is subject to an order that:
33	(A) was issued by a federal district court before January 1,
34	2003; and
35	(B) has not been terminated;
36	(2) operates a county jail that fails to meet:
37	(A) American Correctional Association Jail Construction
38	Standards; and
39	(B) Indiana jail operation standards adopted by the
40	department of correction; and
41	(3) has insufficient revenue to finance the construction,
42	acquisition, improvement, renovation, and equipping of a



1	county jail and related buildings and parking facilities.
2	(b) For purposes of this section, "county jail" includes any other
3	penal facility that is:
4	(1) located in; and
5	(2) operated by;
6	the county.
7	(c) The county council may, by ordinance, determine that
8	additional county adjusted gross income tax revenue is needed in
9	the county to:
10	(1) finance, construct, acquire, improve, renovate, or equip a
11	county jail and related buildings and parking facilities,
12	including costs related to the demolition of existing buildings
13	and the acquisition of land; and
14	(2) repay bonds issued or leases entered into for constructing,
15	acquiring, improving, renovating, and equipping the county
16	jail and related buildings and parking facilities, including
17	costs related to the demolition of existing buildings and the
18	acquisition of land.
19	(d) In addition to the rates permitted by section 2 of this
20	chapter, the county council may impose the county adjusted gross
21	income tax at a rate of twenty-five hundredths percent (0.25%) on
22	the adjusted gross income of county taxpayers if the county council
23	makes the finding and determination set forth in subsection (c).
24	The tax imposed under this section may be imposed only until the
25	later of the date on which the financing on acquisition,
26	improvement, renovation, and equipping described in subsection
27	(c) is completed or the date on which the last of any bonds issued
28	or leases entered into to finance the construction, acquisition,
29	improvement, renovation, and equipping described in subsection
30	(c) are fully paid. The term of the bonds issued (including any
31	refunding bonds) or a lease entered into under subsection (c)(2)
32	may not exceed thirty (30) years.
33	(e) If the county council makes a determination under
34	subsection (c), the county council may adopt a tax rate under
35	subsection (d). The tax rate may not be imposed at a rate greater
36	than is necessary to pay the costs of financing, acquiring,
37	improving, renovating, and equipping the county jail and related
38	buildings and parking facilities, including costs related to the
39	demolition of existing buildings and the acquisition of land.
40	(f) The county treasurer shall establish a county jail revenue

fund to be used only for purposes described in this section. County

adjusted gross income tax revenues derived from the tax rate

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1	imposed under this section shall be deposited in the county jail
2	revenue fund before making a certified distribution under section
3	11 of this chapter.
4	(g) County adjusted gross income tax revenues derived from the
5	tax rate imposed under this section:
6	(1) may only be used for purposes described in this section;
7	(2) may not be considered by the department of local
8	government finance in determining the county's maximum
9	permissible property tax levy limit under IC 6-1.1-18.5; and
10	(3) may be pledged to the repayment of bonds issued or leases
11	entered into for purposes described in subsection (c).

- (h) A county described in subsection (a) possesses unique economic development challenges due to underemployment in relation to similarly situated counties. Maintaining low property tax rates is essential to economic development. The use of county adjusted gross income tax revenues as provided in this chapter, rather than use of property taxes, to pay any bonds issued or leases entered into to finance the construction, acquisition, improvement, renovation, and equipping described in subsection (c) promotes that purpose.
- (i) Notwithstanding any other law, funds accumulated from the county adjusted gross income tax imposed under this section after:
 - (1) the redemption of bonds issued; or
 - (2) the final payment of lease rentals due under a lease entered into under this section;

shall be transferred to the county general fund.

SECTION 3. IC 6-3.5-1.1-10, AS AMENDED BY P.L.157-2002, SECTION 2, AND AS AMENDED BY P.L.178-2002, SECTION 57, IS CORRECTED AND AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 10. (a) Except as provided in subsection (b), one-half (1/2) of each adopting county's certified distribution for a calendar year shall be distributed from its account established under section 8 of this chapter to the appropriate county treasurer on May 1 and the other one-half (1/2) on November 1 of that calendar year.

(b) This subsection applies to a county having a population of more than one hundred forty-five thousand (145,000) but less than one hundred forty-eight thousand (148,000). Notwithstanding section 9 of this chapter, the initial certified distribution certified for a county under section 9 of this chapter shall be distributed to the county treasurer from the account established for the county under section 8 of this chapter according to the following schedule during the eighteen

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1	(18) month period beginning on July 1 of the year in which the county
2	initially adopts an ordinance under section 2 of this chapter:
3	(1) One-fourth (1/4) on October 1 of the year in which the
4	ordinance was adopted.
5	(2) One-fourth (1/4) on January 1 of the calendar year following
6	the year in which the ordinance was adopted.
7	(3) One-fourth (1/4) on May 1 of the calendar year following the
8	year in which the ordinance was adopted.
9	(4) One-fourth (1/4) on November 1 of the calendar year
10	following the year in which the ordinance was adopted.
11	Notwithstanding section 11 of this chapter, the part of the certified
12	distribution received under subdivision (1) that would otherwise be
13	allocated to a civil taxing unit or school corporation as property tax
14	replacement credits under section 11 of this chapter shall be set aside
15	and treated for the calendar year when received by the civil taxing unit
16	or school corporation as a levy excess subject to IC 6-1.1-18.5-17 or
17	IC 6-1.1-19-1.7. Certified distributions made to the county treasurer
18	for calendar years following the eighteen (18) month period described
19	in this subsection shall be made as provided in subsection (a).
20	(b) (c) Except for:
21	(1) revenue that must be used to pay the costs of operating a jail
22	and juvenile detention center under section 2.5(d) of this chapter;
23	(2) revenue that must be used to pay the costs of:
24	(A) financing, constructing, acquiring, improving, renovating,
25	or equipping facilities and buildings;
26	(B) debt service on bonds; or
27	(C) lease rentals;
28	under section 2.8 of this chapter;
29	(3) revenue that must be used to pay the costs of construction,
30	improvement, or remodeling of a jail and related
31	buildings and parking structures under section 2.7 or 2.9, or 3.3
32	of this chapter; or
33	(3) (4) revenue that must be used to pay the costs of operating and
34	maintaining a jail and justice center under section 3.5(d) of this
35	chapter; or
36	(5) revenue that must be used to pay the costs of constructing,
37	acquiring, improving, renovating, or equipping a county
38	courthouse under section 3.6 of this chapter;
39	distributions made to a county treasurer under subsections
40	(a) and (b) shall be treated as though they were property taxes that were
41	due and payable during that same calendar year. Except as provided by
42	subsection (b), the certified distribution shall be distributed and used



1	by the taxing units and school corporations as provided in sections 11
2	through 15 of this chapter.
3	$\frac{(c)}{(d)}$ All distributions from an account established under section
4	8 of this chapter shall be made by warrants issued by the auditor of the
5	state to the treasurer of the state ordering the appropriate payments.
6	SECTION 4. IC 6-3.5-1.1-11, AS AMENDED BY P.L.178-2002,
7	SECTION 58, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
8	UPON PASSAGE]: Sec. 11. (a) Except for:
9	(1) revenue that must be used to pay the costs of operating a jail
. 0	and juvenile detention center under section 2.5(d) of this chapter;
.1	(2) revenue that must be used to pay the costs of:
.2	(A) financing, constructing, acquiring, improving, renovating,
.3	or equipping facilities and buildings;
.4	(B) debt service on bonds; or
.5	(C) lease rentals;
.6	under section 2.8 of this chapter;
.7	(3) revenue that must be used to pay the costs of construction,
. 8	improvement, renovation, or remodeling of a jail and related
9	buildings and parking structures under section 2.7, or 2.9, or 3.3
20	of this chapter;
21	(4) revenue that must be used to pay the costs of operating and
22	maintaining a jail and justice center under section 3.5(d) of this
23	chapter; or
24	(5) revenue that must be used to pay the costs of constructing,
25	acquiring, improving, renovating, or equipping a county
26	courthouse under section 3.6 of this chapter;
27	the certified distribution received by a county treasurer shall, in the
28	manner prescribed in this section, be allocated, distributed, and used
29	by the civil taxing units and school corporations of the county as
30	certified shares and property tax replacement credits.
31	(b) Before August 2 of each calendar year, each county auditor shall
32	determine the part of the certified distribution for the next succeeding
33	calendar year that will be allocated as property tax replacement credits
34	and the part that will be allocated as certified shares. The percentage
35	of a certified distribution that will be allocated as property tax
36	replacement credits or as certified shares depends upon the county
37	adjusted gross income tax rate for resident county taxpayers in effect
88	on August 1 of the calendar year that precedes the year in which the
39	certified distribution will be received. The percentages are set forth in



the following table:



1		PROPERTY	
2	COUNTY	TAX	
3	ADJUSTED GROSS	REPLACEMENT	CERTIFIED
4	INCOME TAX RATE	CREDITS	SHARES
5	0.5%	50%	50%
6	0.75%	33 1/3%	66 2/3%
7	1%	25%	75%
8	(c) The part of a certifie	d distribution that cor	nstitutes property tax
9	replacement credits shall be		
10	13, and 14 of this chapter.	1	,
11	(d) The part of a certif	fied distribution that	constitutes certified
12	shares shall be distributed a		
13	SECTION 5. IC 6-3.5-7-		
14	SECTION 121, IS AM		
15	[EFFECTIVE UPON PAS		
16	subsection (c), the county e	- ' '	• •
17	imposed on the adjusted gro	_	
18	that may impose the tax is:	•	
19	(1) the county income	tax council (as define	ed in IC 6-3.5-6-1) if
20	the county option inco	me tax is in effect on	January 1 of the year
21	the county economic of	development income	tax is imposed;
22	(2) the county council	if the county adjuste	d gross income tax is
23	in effect on January	y 1 of the year th	e county economic
24	development tax is im	posed; or	
25	(3) the county income	me tax council or	the county council,
26	whichever acts first, for	or a county not covere	ed by subdivision (1)
27	or (2).		
28	To impose the county econ	nomic development i	ncome tax, a county
29	income tax council shall u		
30	concerning the imposition of	of the county option is	ncome tax.
31	(b) Except as provided	in subsections (c), ((g), (k), and (p), the
32	county economic developm	_	e imposed at a rate of:
33	(1) one-tenth percent	(0.1%);	
34	(2) two-tenths percent		
35	(3) twenty-five hundre);
36	(4) three-tenths percen	` //	
37	(5) thirty-five hundred		
38	(6) four-tenths percent	· ·	
39	(7) forty-five hundred		or
40	(8) five-tenths percent	. , , ,	
41	on the adjusted gross incon		
42	(c) Except as provided in	subsection (h) , (i) , (j)	(k), (l), (m), (n), (o),

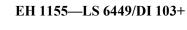


1	or (p), the county economic development income tax rate plus the
2	county adjusted gross income tax rate, if any, that are in effect on
3	January 1 of a year may not exceed one and twenty-five hundredths
4	percent (1.25%). Except as provided in subsection (g) or (p), the county
5	economic development tax rate plus the county option income tax rate,
6	if any, that are in effect on January 1 of a year may not exceed one
7	percent (1%).
8	(d) To impose, increase, decrease, or rescind the county economic
9	development income tax, the appropriate body must, after January 1 but
10	before April 1 of a year, adopt an ordinance. The ordinance to impose
11	the tax must substantially state the following:
12	"The County imposes the county economic
13	development income tax on the county taxpayers of
14	County. The county economic development income tax is imposed at
15	a rate of percent (%) on the county taxpayers of the
16	county. This tax takes effect July 1 of this year.".
17	(e) Any ordinance adopted under this chapter takes effect July 1 of
18	the year the ordinance is adopted.
19	(f) The auditor of a county shall record all votes taken on ordinances
20	presented for a vote under the authority of this chapter and shall, not
21	more than ten (10) days after the vote, send a certified copy of the
22	results to the commissioner of the department by certified mail.
23	(g) This subsection applies to a county having a population of more
24	than one hundred forty-eight thousand (148,000) but less than one
25	hundred seventy thousand (170,000). Except as provided in subsection
26	(p), in addition to the rates permitted by subsection (b), the:
27	(1) county economic development income tax may be imposed at
28	a rate of:
29	(A) fifteen-hundredths percent (0.15%);
30	(B) two-tenths percent (0.2%) ; or
31	(C) twenty-five hundredths percent (0.25%); and
32	(2) county economic development income tax rate plus the county
33	option income tax rate that are in effect on January 1 of a year
34	may equal up to one and twenty-five hundredths percent (1.25%);
35	if the county income tax council makes a determination to impose rates
36	under this subsection and section 22 of this chapter.
37	(h) For a county having a population of more than forty-one
38	thousand (41,000) but less than forty-three thousand (43,000), except
39	as provided in subsection (p), the county economic development
40	income tax rate plus the county adjusted gross income tax rate that are
41	in effect on January 1 of a year may not exceed one and thirty-five

hundredths percent (1.35%) if the county has imposed the county



1	adjusted gross income tax at a rate of one and one-tenth percent (1.1%)
2	under IC 6-3.5-1.1-2.5.
3	(i) For a county having a population of more than thirteen thousand
4	five hundred (13,500) but less than fourteen thousand (14,000), except
5	as provided in subsection (p), the county economic development
6	income tax rate plus the county adjusted gross income tax rate that are
7	in effect on January 1 of a year may not exceed one and fifty-five
8	hundredths percent (1.55%).
9	(j) For a county having a population of more than seventy-one
.0	thousand (71,000) but less than seventy-one thousand four hundred
.1	(71,400), except as provided in subsection (p), the county economic
2	development income tax rate plus the county adjusted gross income tax
.3	rate that are in effect on January 1 of a year may not exceed one and
4	five-tenths percent (1.5%).
.5	(k) This subsection applies to a county having a population of more
.6	than twenty-seven thousand four hundred (27,400) but less than
.7	twenty-seven thousand five hundred (27,500). Except as provided in
8	subsection (p), in addition to the rates permitted under subsection (b):
9	(1) the county economic development income tax may be imposed
20	at a rate of twenty-five hundredths percent (0.25%); and
21	(2) the sum of the county economic development income tax rate
22	and the county adjusted gross income tax rate that are in effect on
23	January 1 of a year may not exceed one and five-tenths percent
24	(1.5%);
25	if the county council makes a determination to impose rates under this
26	subsection and section 22.5 of this chapter.
27	(l) For a county having a population of more than twenty-nine
28	thousand (29,000) but less than thirty thousand (30,000), except as
29	provided in subsection (p), the county economic development income
30	tax rate plus the county adjusted gross income tax rate that are in effect
31	on January 1 of a year may not exceed one and five-tenths percent
32	(1.5%).
33	(m) For:
34	(1) a county having a population of more than one hundred
35	eighty-two thousand seven hundred ninety (182,790) but less than
36	two hundred thousand (200,000); or
37	(2) a county having a population of more than forty-five thousand
88	(45,000) but less than forty-five thousand nine hundred (45,900);
39	except as provided in subsection (p), the county economic development
10	income tax rate plus the county adjusted gross income tax rate that are
11	in effect on January 1 of a year may not exceed one and five-tenths



percent (1.5%).



1	(n) For a county having a population of more than six thousand
2	(6,000) but less than eight thousand (8,000), except as provided in
3	subsection (p), the county economic development income tax rate plus
4	the county adjusted gross income tax rate that are in effect on January
5	1 of a year may not exceed one and five-tenths percent (1.5%).
6	(o) This subsection applies to a county having a population of more
7	than thirty-nine thousand (39,000) but less than thirty-nine thousand
8	six hundred (39,600). Except as provided in subsection (p), in addition
9	to the rates permitted under subsection (b):
10	(1) the county economic development income tax may be imposed
11	at a rate of twenty-five hundredths percent (0.25%); and
12	(2) the sum of the county economic development income tax rate
13	and:
14	(A) the county adjusted gross income tax rate that are in effect
15	on January 1 of a year may not exceed one and five-tenths
16	percent (1.5%); or
17	(B) the county option income tax rate that are in effect on
18	January 1 of a year may not exceed one and twenty-five
19	hundredths percent (1.25%);
20	if the county council makes a determination to impose rates under this
21	subsection and section 24 of this chapter.
22	(p) In addition:
23	(1) the county economic development income tax may be imposed
24	at a rate that exceeds by not more than twenty-five hundredths
25	percent (0.25%) the maximum rate that would otherwise apply
26	under this section; and
27	(2) the:
28	(A) county economic development income tax; and
29	(B) county option income tax or county adjusted gross income
30	tax;
31	may be imposed at combined rates that exceed by not more than
32	twenty-five hundredths percent (0.25%) the maximum combined
33	rates that would otherwise apply under this section.
34	However, the additional rate imposed under this subsection may not
35	exceed the amount necessary to mitigate the increased ad valorem
36	property taxes on homesteads (as defined in IC 6-1.1-20.9-1) resulting
37	from the deduction of the assessed value of inventory in the county
38	under IC 6-1.1-12-41 or IC 6-1.1-12-42.
39	(q) If the county economic development income tax is imposed as
40	authorized under subsection (p) at a rate that exceeds the maximum
41	rate that would otherwise apply under this section, the certified

distribution must be used for the purpose provided in section 25(e) or



26 of this chapter to the extent that the certified distribution results from the difference between:

- (1) the actual county economic development tax rate; and
- (2) the maximum rate that would otherwise apply under this section.
- (r) Except as provided in subsection (p), the county economic development income tax rate plus the county adjusted gross income tax rate that are in effect on January 1 of a year may not exceed one and five-tenths percent (1.5%) if the county has imposed the county adjusted gross income tax under IC 6-3.5-1.1-3.3.

SECTION 6. [EFFECTIVE UPON PASSAGE] (a) As used in this SECTION, "department" refers to the department of state revenue.

- (b) Notwithstanding IC 6-3.5-1.1-3, the county council of a county described in IC 6-3.5-1.1-3.3, as added by this act, may adopt an ordinance to increase the county's county adjusted gross income tax rate after March 31, 2003, and before January 1, 2004.
- (c) Notwithstanding IC 6-3.5-1.1-3, an ordinance adopted under this SECTION before June 1, 2003, takes effect July 1, 2003. In determining the certified distribution for the calendar year beginning January 1, 2004, as required under IC 6-3.5-1.1-9 to be performed before July 2, 2003, for a county adopting an ordinance within the time specified in this subsection, the department shall take into account the certified ordinance forwarded to the department under IC 6-3.5-1.1-3(c) in determining the amount of the county's certified distribution for the calendar year beginning January 1, 2004.
- (d) Notwithstanding IC 6-3.5-1.1-3, an ordinance adopted under this SECTION after May 31, 2003, and before January 1, 2004, takes effect January 1, 2004. Not later than thirty (30) days after receiving the certified ordinance under IC 6-3.5-1.1-3(c) from a county adopting an ordinance within the time specified in this subsection, the department shall revise the county's certified distribution determined under IC 6-3.5-1.1-9 for the calendar year beginning January 1, 2004, to take into account the increased county adjusted gross income tax rate specified in the certified ordinance. Notwithstanding IC 6-3.5-1.1-10, as amended by this act, the first distribution reflecting the increased county adjusted gross income tax rate shall be made to the county treasurer beginning November 1, 2004.

SECTION 7. An emergency is declared for this act.



COMMITTEE REPORT

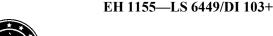
Mr. Speaker: Your Committee on Ways and Means, to which was referred House Bill 1155, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill be amended as follows:

Page 1, delete lines 1 through 6, begin a new paragraph and insert: "SECTION 1. IC 6-3.5-1.1-2, AS AMENDED BY P.L.178-2002, SECTION 52, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 2. (a) The county council of any county in which the county option income tax will not be in effect on July 1 of a year under an ordinance adopted during a previous calendar year may impose the county adjusted gross income tax on the adjusted gross income of county taxpayers of its county effective July 1 of that year.

- (b) Except as provided in section 2.5, 2.7, 2.8, 2.9, **3.3**, 3.5, or 3.6 of this chapter, the county adjusted gross income tax may be imposed at a rate of one-half of one percent (0.5%), three-fourths of one percent (0.75%), or one percent (1%) on the adjusted gross income of resident county taxpayers of the county. Any county imposing the county adjusted gross income tax must impose the tax on the nonresident county taxpayers at a rate of one-fourth of one percent (0.25%) on their adjusted gross income. If the county council elects to decrease the county adjusted gross income tax, the county council may decrease the county adjusted gross income tax rate in increments of one-tenth of one percent (0.1%).
- (c) To impose the county adjusted gross income tax, the county council must, after January 1 but before April 1 of a year, adopt an ordinance. The ordinance must substantially state the following:

"Ine	Count	y Councii	imposes ti	ne county	aajustea
gross incom	e tax on th	e county ta	expayers of	• 	County.
The county	adjusted g	ross incon	ne tax is in	nposed at	a rate of
perce	ent (9	6) on the re	esident cour	nty taxpayo	ers of the
county and o	one-fourth	of one perc	ent (0.25%)) on the noi	nresident
county taxpa	ayers of the	county. Th	is tax takes	effect July	1 of this
year.".					

- (d) Any ordinance adopted under this section takes effect July 1 of the year the ordinance is adopted.
- (e) The auditor of a county shall record all votes taken on ordinances presented for a vote under the authority of this section and immediately send a certified copy of the results to the department by certified mail.
- (f) If the county adjusted gross income tax had previously been adopted by a county under IC 6-3.5-1 (before its repeal on March 15,





1983) and that tax was in effect at the time of the enactment of this chapter, then the county adjusted gross income tax continues in that county at the rates in effect at the time of enactment until the rates are modified or the tax is rescinded in the manner prescribed by this chapter. If a county's adjusted gross income tax is continued under this subsection, then the tax shall be treated as if it had been imposed under this chapter and is subject to rescission or reduction as authorized in this chapter.

SECTION 2. IC 6-3.5-1.1-3.3 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: **Sec. 3.3. This section applies only to a county that:**

- (1) operates a county jail that is subject to an order that:
 - (A) was issued by a federal district court before January 1, 2003; and
 - (B) has not been terminated;
- (2) operates a county jail that fails to meet:
 - (A) American Correctional Association Jail Construction Standards; and
 - (B) Indiana jail operation standards adopted by the department of correction; and
- (3) has insufficient revenue to finance the construction, acquisition, improvement, renovation, and equipping of a county jail and related buildings and parking facilities."

Page 2, line 7, delete "This subsection applies after December 31, 2003.".

Page 2, line 20, delete "twenty-five" and insert "thirty (30)".

Page 2, line 21, delete "(25)".

Page 3, between lines 15 and 16, begin a new paragraph and insert: "SECTION 3. IC 6-3.5-1.1-10, AS AMENDED BY P.L.157-2002, SECTION 2, AND AS AMENDED BY P.L.178-2002, SECTION 57, IS CORRECTED AND AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 10. (a) *Except as provided in subsection (b)*, one-half (1/2) of each adopting county's certified distribution for a calendar year shall be distributed from its account established under section 8 of this chapter to the appropriate county treasurer on May 1 and the other one-half (1/2) on November 1 of that calendar year.

(b) This subsection applies to a county having a population of more than one hundred forty-five thousand (145,000) but less than one hundred forty-eight thousand (148,000). Notwithstanding section 9 of this chapter, the initial certified distribution certified for a county

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under section 9 of this chapter shall be distributed to the county treasurer from the account established for the county under section 8 of this chapter according to the following schedule during the eighteen (18) month period beginning on July 1 of the year in which the county initially adopts an ordinance under section 2 of this chapter:

- (1) One-fourth (1/4) on October 1 of the year in which the ordinance was adopted.
- (2) One-fourth (1/4) on January 1 of the calendar year following the year in which the ordinance was adopted.
- (3) One-fourth (1/4) on May 1 of the calendar year following the year in which the ordinance was adopted.
- (4) One-fourth (1/4) on November 1 of the calendar year following the year in which the ordinance was adopted.

Notwithstanding section 11 of this chapter, the part of the certified distribution received under subdivision (1) that would otherwise be allocated to a civil taxing unit or school corporation as property tax replacement credits under section 11 of this chapter shall be set aside and treated for the calendar year when received by the civil taxing unit or school corporation as a levy excess subject to IC 6-1.1-18.5-17 or IC 6-1.1-19-1.7. Certified distributions made to the county treasurer for calendar years following the eighteen (18) month period described in this subsection shall be made as provided in subsection (a).

(b) (c) Except for:

- (1) revenue that must be used to pay the costs of operating a jail and juvenile detention center under section 2.5(d) of this chapter;
- (2) revenue that must be used to pay the costs of:
 - (A) financing, constructing, acquiring, improving, renovating, or equipping facilities and buildings;
 - (B) debt service on bonds; or
 - (C) lease rentals;

under section 2.8 of this chapter;

- (3) revenue that must be used to pay the costs of construction, improvement, or remodeling of a jail and related buildings and parking structures under section 2.7 or 2.9, or 3.3 of this chapter; or
- (3) (4) revenue that must be used to pay the costs of operating and maintaining a jail and justice center under section 3.5(d) of this chapter; or
- (5) revenue that must be used to pay the costs of constructing, acquiring, improving, renovating, or equipping a county courthouse under section 3.6 of this chapter;

distributions made to a county treasurer under subsections

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C O P (a) and (b) shall be treated as though they were property taxes that were due and payable during that same calendar year. Except as provided by subsection (b), the certified distribution shall be distributed and used by the taxing units and school corporations as provided in sections 11 through 15 of this chapter.

(c) (d) All distributions from an account established under section 8 of this chapter shall be made by warrants issued by the auditor of the state to the treasurer of the state ordering the appropriate payments.

SECTION 4. IC 6-3.5-1.1-11, AS AMENDED BY P.L.178-2002, SECTION 58, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 11. (a) Except for:

- (1) revenue that must be used to pay the costs of operating a jail and juvenile detention center under section 2.5(d) of this chapter;
- (2) revenue that must be used to pay the costs of:
 - (A) financing, constructing, acquiring, improving, renovating, or equipping facilities and buildings;
 - (B) debt service on bonds; or
 - (C) lease rentals;

under section 2.8 of this chapter;

- (3) revenue that must be used to pay the costs of construction, improvement, renovation, or remodeling of a jail and related buildings and parking structures under section 2.7, or 2.9, or 3.3 of this chapter;
- (4) revenue that must be used to pay the costs of operating and maintaining a jail and justice center under section 3.5(d) of this chapter; or
- (5) revenue that must be used to pay the costs of constructing, acquiring, improving, renovating, or equipping a county courthouse under section 3.6 of this chapter;

the certified distribution received by a county treasurer shall, in the manner prescribed in this section, be allocated, distributed, and used by the civil taxing units and school corporations of the county as certified shares and property tax replacement credits.

(b) Before August 2 of each calendar year, each county auditor shall determine the part of the certified distribution for the next succeeding calendar year that will be allocated as property tax replacement credits and the part that will be allocated as certified shares. The percentage of a certified distribution that will be allocated as property tax replacement credits or as certified shares depends upon the county adjusted gross income tax rate for resident county taxpayers in effect on August 1 of the calendar year that precedes the year in which the certified distribution will be received. The percentages are set forth in

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C O P the following table:

	PROPERTY	
COUNTY	TAX	
ADJUSTED GROSS	REPLACEMENT	CERTIFIED
INCOME TAX RATE	CREDITS	SHARES
0.5%	50%	50%
0.75%	33 1/3%	66 2/3%
1%	25%	75%

- (c) The part of a certified distribution that constitutes property tax replacement credits shall be distributed as provided under sections 12, 13, and 14 of this chapter.
- (d) The part of a certified distribution that constitutes certified shares shall be distributed as provided by section 15 of this chapter.

SECTION 11. IC 6-3.5-7-5, AS AMENDED BY P.L.192-2002(ss), SECTION 121, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 5. (a) Except as provided in subsection (c), the county economic development income tax may be imposed on the adjusted gross income of county taxpayers. The entity that may impose the tax is:

- (1) the county income tax council (as defined in IC 6-3.5-6-1) if the county option income tax is in effect on January 1 of the year the county economic development income tax is imposed;
- (2) the county council if the county adjusted gross income tax is in effect on January 1 of the year the county economic development tax is imposed; or
- (3) the county income tax council or the county council, whichever acts first, for a county not covered by subdivision (1) or (2).

To impose the county economic development income tax, a county income tax council shall use the procedures set forth in IC 6-3.5-6 concerning the imposition of the county option income tax.

- (b) Except as provided in subsections (c), (g), (k), and (p), the county economic development income tax may be imposed at a rate of:
 - (1) one-tenth percent (0.1%);
 - (2) two-tenths percent (0.2%);
 - (3) twenty-five hundredths percent (0.25%);
 - (4) three-tenths percent (0.3%);
 - (5) thirty-five hundredths percent (0.35%);
 - (6) four-tenths percent (0.4%);
 - (7) forty-five hundredths percent (0.45%); or
 - (8) five-tenths percent (0.5%);

on the adjusted gross income of county taxpayers.

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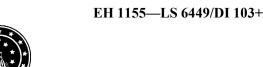




- (c) Except as provided in subsection (h), (i), (j), (k), (l), (m), (n), (o), or (p), the county economic development income tax rate plus the county adjusted gross income tax rate, if any, that are in effect on January 1 of a year may not exceed one and twenty-five hundredths percent (1.25%). Except as provided in subsection (g) or (p), the county economic development tax rate plus the county option income tax rate, if any, that are in effect on January 1 of a year may not exceed one percent (1%).
- (d) To impose, increase, decrease, or rescind the county economic development income tax, the appropriate body must, after January 1 but before April 1 of a year, adopt an ordinance. The ordinance to impose the tax must substantially state the following:

"The	County	imposes the county economic
development	income tax on the	ne county taxpayers of
County. The c	county economic de	evelopment income tax is imposed at
a rate of	percent (%) on the county taxpayers of the
county. This t	ax takes effect July	1 of this year.".

- (e) Any ordinance adopted under this chapter takes effect July 1 of the year the ordinance is adopted.
- (f) The auditor of a county shall record all votes taken on ordinances presented for a vote under the authority of this chapter and shall, not more than ten (10) days after the vote, send a certified copy of the results to the commissioner of the department by certified mail.
- (g) This subsection applies to a county having a population of more than one hundred forty-eight thousand (148,000) but less than one hundred seventy thousand (170,000). Except as provided in subsection (p), in addition to the rates permitted by subsection (b), the:
 - (1) county economic development income tax may be imposed at a rate of:
 - (A) fifteen-hundredths percent (0.15%);
 - (B) two-tenths percent (0.2%); or
 - (C) twenty-five hundredths percent (0.25%); and
- (2) county economic development income tax rate plus the county option income tax rate that are in effect on January 1 of a year may equal up to one and twenty-five hundredths percent (1.25%); if the county income tax council makes a determination to impose rates under this subsection and section 22 of this chapter.
- (h) For a county having a population of more than forty-one thousand (41,000) but less than forty-three thousand (43,000), except as provided in subsection (p), the county economic development income tax rate plus the county adjusted gross income tax rate that are in effect on January 1 of a year may not exceed one and thirty-five



С р У hundredths percent (1.35%) if the county has imposed the county adjusted gross income tax at a rate of one and one-tenth percent (1.1%) under IC 6-3.5-1.1-2.5.

- (i) For a county having a population of more than thirteen thousand five hundred (13,500) but less than fourteen thousand (14,000), except as provided in subsection (p), the county economic development income tax rate plus the county adjusted gross income tax rate that are in effect on January 1 of a year may not exceed one and fifty-five hundredths percent (1.55%).
- (j) For a county having a population of more than seventy-one thousand (71,000) but less than seventy-one thousand four hundred (71,400), except as provided in subsection (p), the county economic development income tax rate plus the county adjusted gross income tax rate that are in effect on January 1 of a year may not exceed one and five-tenths percent (1.5%).
- (k) This subsection applies to a county having a population of more than twenty-seven thousand four hundred (27,400) but less than twenty-seven thousand five hundred (27,500). Except as provided in subsection (p), in addition to the rates permitted under subsection (b):
 - (1) the county economic development income tax may be imposed at a rate of twenty-five hundredths percent (0.25%); and
 - (2) the sum of the county economic development income tax rate and the county adjusted gross income tax rate that are in effect on January 1 of a year may not exceed one and five-tenths percent (1.5%);

if the county council makes a determination to impose rates under this subsection and section 22.5 of this chapter.

(1) For a county having a population of more than twenty-nine thousand (29,000) but less than thirty thousand (30,000), except as provided in subsection (p), the county economic development income tax rate plus the county adjusted gross income tax rate that are in effect on January 1 of a year may not exceed one and five-tenths percent (1.5%).

(m) For:

- (1) a county having a population of more than one hundred eighty-two thousand seven hundred ninety (182,790) but less than two hundred thousand (200,000); or
- (2) a county having a population of more than forty-five thousand (45,000) but less than forty-five thousand nine hundred (45,900); except as provided in subsection (p), the county economic development income tax rate plus the county adjusted gross income tax rate that are in effect on January 1 of a year may not exceed one and five-tenths

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C o p percent (1.5%).

- (n) For a county having a population of more than six thousand (6,000) but less than eight thousand (8,000), except as provided in subsection (p), the county economic development income tax rate plus the county adjusted gross income tax rate that are in effect on January 1 of a year may not exceed one and five-tenths percent (1.5%).
- (o) This subsection applies to a county having a population of more than thirty-nine thousand (39,000) but less than thirty-nine thousand six hundred (39,600). Except as provided in subsection (p), in addition to the rates permitted under subsection (b):
 - (1) the county economic development income tax may be imposed at a rate of twenty-five hundredths percent (0.25%); and
 - (2) the sum of the county economic development income tax rate and:
 - (A) the county adjusted gross income tax rate that are in effect on January 1 of a year may not exceed one and five-tenths percent (1.5%); or
 - (B) the county option income tax rate that are in effect on January 1 of a year may not exceed one and twenty-five hundredths percent (1.25%);

if the county council makes a determination to impose rates under this subsection and section 24 of this chapter.

- (p) In addition:
 - (1) the county economic development income tax may be imposed at a rate that exceeds by not more than twenty-five hundredths percent (0.25%) the maximum rate that would otherwise apply under this section; and
 - (2) the:
 - (A) county economic development income tax; and
 - (B) county option income tax or county adjusted gross income tax:

may be imposed at combined rates that exceed by not more than twenty-five hundredths percent (0.25%) the maximum combined rates that would otherwise apply under this section.

However, the additional rate imposed under this subsection may not exceed the amount necessary to mitigate the increased ad valorem property taxes on homesteads (as defined in IC 6-1.1-20.9-1) resulting from the deduction of the assessed value of inventory in the county under IC 6-1.1-12-41 or IC 6-1.1-12-42.

(q) If the county economic development income tax is imposed as authorized under subsection (p) at a rate that exceeds the maximum rate that would otherwise apply under this section, the certified

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distribution must be used for the purpose provided in section 25(e) or 26 of this chapter to the extent that the certified distribution results from the difference between:

- (1) the actual county economic development tax rate; and
- (2) the maximum rate that would otherwise apply under this section.
- (r) Except as provided in subsection (p), the county economic development income tax rate plus the county adjusted gross income tax rate that are in effect on January 1 of a year may not exceed one and five-tenths percent (1.5%) if the county has imposed the county adjusted gross income tax under IC 6-3.5-1.1-3.3.

SECTION 6. [EFFECTIVE UPON PASSAGE] (a) As used in this SECTION, "department" refers to the department of state revenue.

- (b) Notwithstanding IC 6-3.5-1.1-3, the county council of a county described in IC 6-3.5-1.1-3.3, as added by this act, may adopt an ordinance to increase the county's county adjusted gross income tax rate after March 31, 2003, and before January 1, 2004.
- (c) Notwithstanding IC 6-3.5-1.1-3, an ordinance adopted under this SECTION before June 1, 2003, takes effect July 1, 2003. In determining the certified distribution for the calendar year beginning January 1, 2004, as required under IC 6-3.5-1.1-9 to be performed before July 2, 2003, for a county adopting an ordinance within the time specified in this subsection, the department shall take into account the certified ordinance forwarded to the department under IC 6-3.5-1.1-3(c) in determining the amount of the county's certified distribution for the calendar year beginning January 1, 2004.
- (d) Notwithstanding IC 6-3.5-1.1-3, an ordinance adopted under this SECTION after May 31, 2003, and before January 1, 2004, takes effect January 1, 2004. Not later than thirty (30) days after receiving the certified ordinance under IC 6-3.5-1.1-3(c) from a county adopting an ordinance within the time specified in this subsection, the department shall revise the county's certified distribution determined under IC 6-3.5-1.1-9 for the calendar year beginning January 1, 2004, to take into account the increased county adjusted gross income tax rate specified in the certified ordinance. Notwithstanding IC 6-3.5-1.1-10, as amended by this act, the first distribution reflecting the increased county adjusted gross income tax rate shall be made to the county treasurer beginning November 1, 2004."



Renumber all SECTIONS consecutively.

and when so amended that said bill do pass.

(Reference is to HB 1155 as introduced.)

CRAWFORD, Chair

Committee Vote: yeas 26, nays 0.

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COMMITTEE REPORT

Mr. President: The Senate Committee on Finance, to which was referred House Bill No. 1155, has had the same under consideration and begs leave to report the same back to the Senate with the recommendation that said bill DO PASS.

(Reference is made to House Bill 1155 as printed February 20, 2003.)

BORST, Chairperson

Committee Vote: Yeas 14, Nays 0.

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